



Director of  
Central  
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# National Intelligence Daily

*Saturday*  
*12 February 1983*

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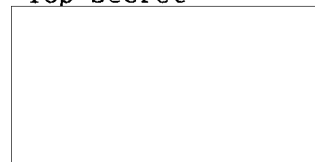
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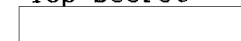
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## EL SALVADOR: High-Level Maneuvering

*Recent moves by Defense Minister Garcia are causing additional friction in the military, but extreme rightist assembly leader D'Aubuisson's promise to resign soon could ease the situation.*

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D'Aubuisson's announcement came after moderate deputies demanded he clarify his recent threat to "withdraw" from the Assembly. His resignation is contingent upon completion of the new constitution, projected for late March or early April. [REDACTED]

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Comment: [REDACTED]

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D'Aubuisson's resignation should make it easier for Garcia to give up his post. The Defense Minister holds D'Aubuisson responsible for Colonel Ochoa's rebellion in January. Ochoa's departure for assignment abroad also should reduce military tensions. [REDACTED]

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The reported presence of D'Aubuisson loyalists at Ochoa's farewell party, however, undercuts his claim that he is apolitical. [REDACTED]

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## CYPRUS: Presidential Election

*The election tomorrow is likely to be close, but the polls favor incumbent President Kyprianou by a narrow margin.*

The major issue in the campaign has been Kyprianou's 10-month-old election pact with the pro-Soviet Cyprus Communist Party. Although Kyprianou's centrists have cooperated tacitly with the Communists before, this is the first time any president has formally acknowledged their support.

The Communist Party is one of the two largest parties, but it has had little impact on foreign or domestic policy because it has never participated formally in government.

Despite discreet encouragement from Greek Prime Minister Papandreou, ideological and personality differences have prevented Kyprianou's opponents--conservative leader Clerides and Socialist Party head Lyssarides--from cooperating to defeat him. Papandreou worries that Kyprianou's alliance might encourage the Communist opposition in Greece.

Comment: The Communists almost certainly are supporting Kyprianou's reelection as much to defeat Clerides as to gain new influence. They probably realize they will have little leverage over the President once the election is over.

Kyprianou's reelection probably would not herald any major change in the UN-sponsored intercommunal talks. His reelection also would be unlikely to change the government's commitment to nonalignment.

If Kyprianou fails to receive a majority tomorrow, he will face a runoff next Sunday against his closest contender--most likely Clerides. In this case, the support of Lyssarides will be crucial to either candidate's success.

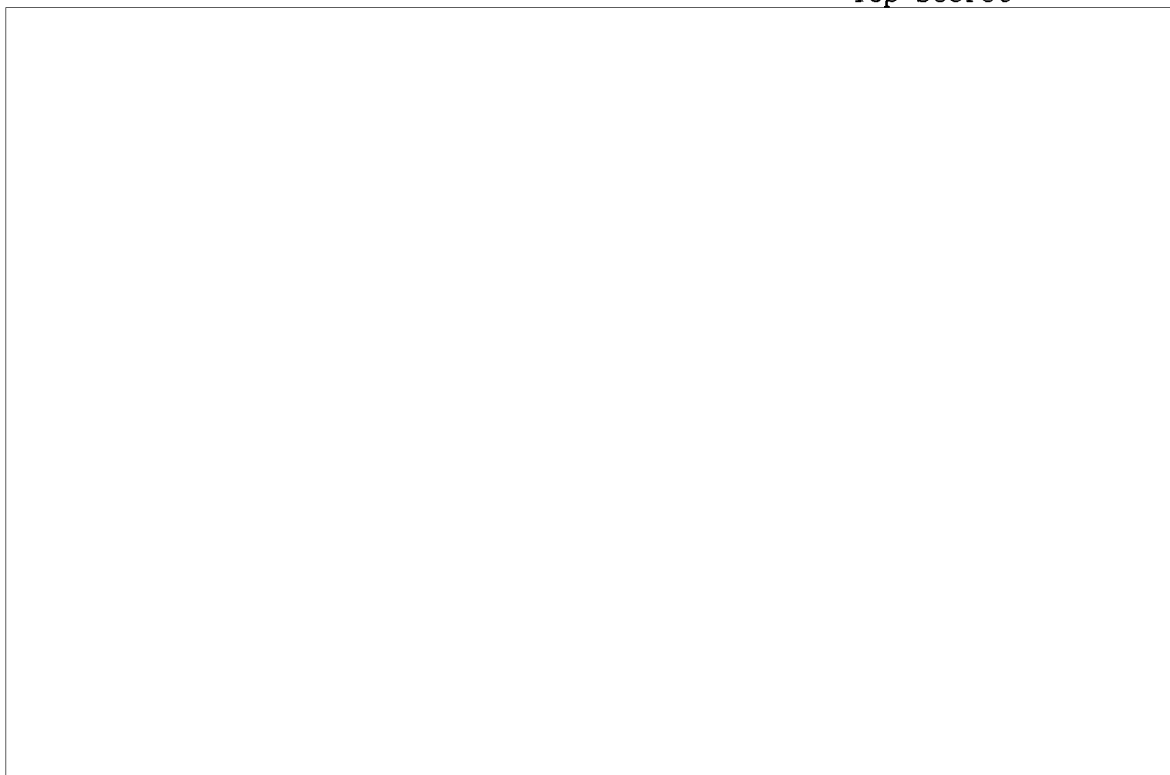
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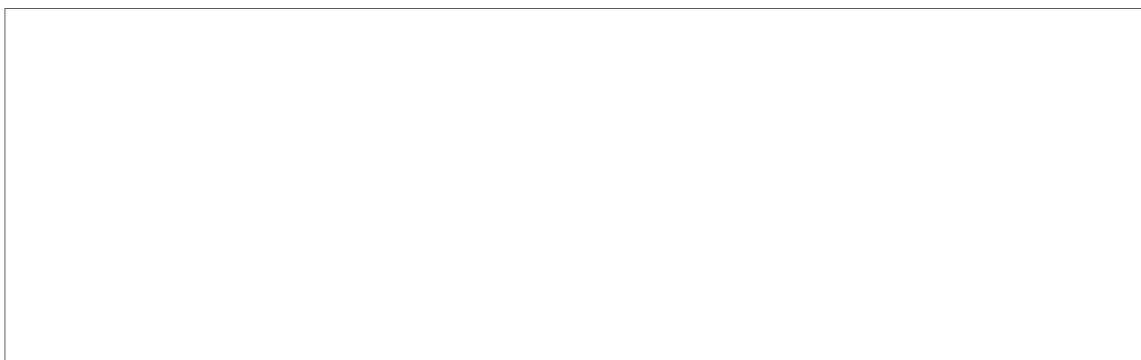
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OPEC: Demands for Oil Price Cut

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Comment: Recent threats by Saudi Arabia and its Arab neighbors to lower prices have encouraged buyer resistance, increasing willingness in OPEC to accept a price reduction on Saudi terms. Arab producers in the Persian Gulf are seeking a new pricing formula based on a benchmark price of about \$30 per barrel, \$4 below the current price. Libya's willingness to adjust prices is a major breakthrough. Mexico wants to delay its decision until after other producers make the first cut, but it would be quick to follow to protect its share of the market.



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## USSR: Retail Price Increases

The US Embassy in Moscow confirms retail prices of many consumer goods and services have been raised substantially. General Secretary Andropov in late January strongly hinted price hikes were imminent when he told factory workers in Moscow that "incongruities" in certain existing prices must be eliminated. Prices of basic food products, however, were not changed. Unlike in the past, there has been no public announcement of these price hikes. [REDACTED]

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Comment: The increases will help absorb the excess purchasing power of consumers and achieve a better balance between supply and demand in consumer markets. The application of the increases to a wide variety of goods and services contrasts with the longstanding policy of raising prices only selectively.

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#### **Palestine National Council**

Theoretically the PLO's highest authority, the Council sets policy and elects its own chairman as well as the PLO Executive Committee. A third of the approximately 350 members belong to the eight guerrilla groups, while the others are selected from Palestinian trade unions, professional groups, and the general Palestinian population. Arafat's followers constitute a majority, but radical guerrilla groups control a powerful minority. Meetings have tended to be acrimonious, and a PLO leader says the one scheduled to open next week could last for 10 days.

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## Special Analysis

### PALESTINIANS: National Council Meeting

*At the Palestine National Council meeting scheduled to begin on Monday in Algiers, PLO leader Arafat will seek a vote of confidence for his efforts to link the PLO with the Middle East peace process through cooperation with Jordan. A majority of the delegates reportedly are prepared to follow Arafat's lead, but he faces strong opposition from radicals backed by Syria and Libya. He probably will ask for a general mandate allowing him to continue his dialogue with Jordan without committing the PLO for now to explicit approval of a Jordanian decision to join Middle East negotiations.*

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Arafat believes a tacit PLO link to the US-sponsored peace process offers the best chance of making progress toward a solution of the Palestinian issue.

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### Syrian and Radical Opposition

The PLO chief nonetheless faces strong opposition from Syria and PLO radicals. Saiqa, the Syrian-dominated guerrilla group, and at least two of the four smaller radical groups reject a PLO alliance with Jordan.

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[REDACTED]

George Habbash and Nayif Hawatmah, the leaders of the two most important radical groups, also have called publicly for explicit PLO rejection of the US initiative and of the concept of a coordinated PLO-Jordanian role in the peace process. [REDACTED]

[REDACTED]

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The two radicals probably are primarily interested in forcing Arafat to temper the proposals he intends to push at the Council. They also may believe they have to strike a public posture in harmony with Syria's and Libya's hard line because of their dependence on support from those countries. [REDACTED]

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Habbash and Hawatmah, in fact, probably believe the US-sponsored peace initiative will go nowhere. They may have concluded that opposing Arafat in the Council while stopping short of an open break will put them in position to mount a more serious challenge to him if--as they expect--his moderate policies fail to make progress for the Palestinian cause. [REDACTED]

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#### Doubts About the US

Arafat's assessment of US resolve will be another key factor in determining his strategy at the Council. [REDACTED] he has continued to express doubts that the US will push its initiative in the face of Israeli intransigence. [REDACTED]

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The slow pace of the Israeli-Lebanese withdrawal talks has reinforced Arafat's skepticism. He will be reluctant to make major concessions to Jordan as long

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as he believes that the US is unable to break the stalemate in those negotiations and in the broader peace process. [redacted]

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### Arafat's Prospects

Arafat in principle supports the formation of a negotiating team comprised of Jordanians and pro-PLO Palestinians. On balance, however, he appears to believe he has more to lose than to gain if he were to push for explicit endorsement by the Council of a joint delegation. [redacted]

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The PLO leader fears a backlash would develop against him if the Council made such a major concession and the peace process still faltered. Syria and the PLO radicals would then have powerful ammunition with which to undermine Arafat's leadership or even to replace him, and the PLO would be more divided than ever with no commensurate political gains. [redacted]

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Arafat probably will try instead to obtain from the Council a vaguely worded resolution that will give him the flexibility to determine the time and the conditions under which the PLO will give Jordan approval to become a party to peace negotiations. He also is likely to seek approval for the concept of a political link between Jordan and the West Bank - Gaza. Arafat, however, almost certainly will assure the Council members he will continue to insist on the formation first of an independent Palestinian state that would enter into a union as a coequal with Jordan. [redacted]

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The PLO chief appears to have enough support within the Council to obtain approval of such proposals, which he is likely to press for even if the radicals threaten to bolt. Both he and the radical leaders, however, probably anticipate the bargaining process in the PLO over policies toward the peace process will continue beyond the meeting. [redacted]

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